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Health Insurance as a New Indicator of Farm Households' Well-Being

As with all households, the basic indicators of farm household well-being—income and wealth—do not fully capture information about well-being. Because medical care is relatively expensive and can significantly affect morbidity and mortality, the incidence of health insurance coverage among populations is an important indicator of well-being. Since farming is a relatively dangerous occupation, health insurance coverage is critical. Health insurance provides individuals or groups with a contractual arrangement for personal medical expenses to be covered (usually, in part) in exchange for a fee paid to insurance companies.

Most Americans receive health insurance coverage through employer-sponsored programs. Farmers are generally

self-employed, raising the possibility that farm households might be less likely to have health insurance. However, USDA's 2006 Agricultural Resource Management Survey (ARMS) data clearly show that individuals in farm operator households are, in fact, somewhat more likely to have health insurance coverage than the general U.S. population. The Bureau of the Census reports that 84.2 percent of the U.S. population had some form of health insurance for any part of 2006, compared with 86.2 percent of the members of farm operator households.

Although farmers are largely self-employed, the operator and/or spouse also are employed off the farm in two-thirds of farm households. As with the general population, the most common source of

health insurance for members of farm households is employment-based. In fact, farm household members are almost as likely as the general U.S. population to receive health insurance through an outside employer.

Farm households without the operator or spouse working at a nonfarm job are the least likely to have health insurance. However, these farm operator households are more likely to be elderly and, consequently, are often eligible to receive health insurance from a government program—virtually all U.S. citizens age 65 or older have some coverage through Medicare. Some households in which neither the operator nor the spouse works off the farm have employment-based health insurance coverage from previous non-farm employers or as employees of their own farm businesses.

Farm households with large operations (with sales of \$250,000 or more), because they are more fully employed on the farm, are less likely to have an operator or spouse working off the farm than other farm households. Large-farm households are more likely to purchase health insurance directly from an insurance provider.

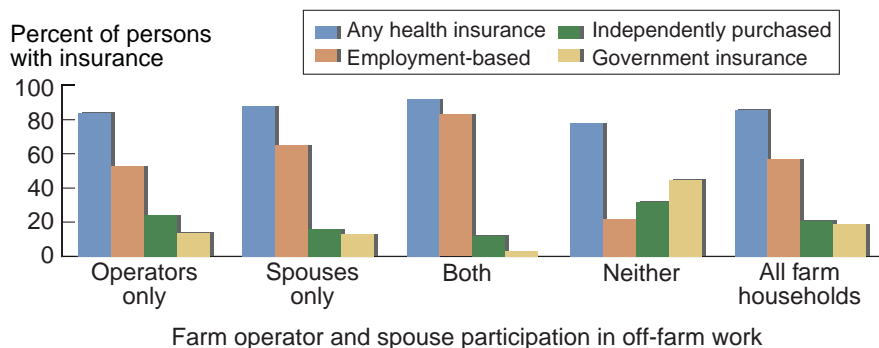
The indicators of health insurance coverage provide more evidence of the strong links between farm household well-being and the nonfarm economy. The average farm household receives 85 percent of its income from off-farm sources, and off-farm work has become the major source of health insurance coverage. These new indicators show that the farm population generally has found the means to acquire health insurance. \mathcal{W}

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This finding is drawn from...

ERS Briefing Room on Farm Household Economics and Well-Being,
www.ers.usda.gov/briefing/wellbeing/

Nonfarm employment is the most common source of farm household health insurance



Employment-based insurance includes the 3 percent who receive coverage from their farm business.

Source: USDA, Economic Research Service, 2006 Agricultural Resource Management Survey.